

## **An Overview of Steuben County's 2009 Annual Trending August 20, 2009**

The following steps were taken to conduct the 2009 annual trending in Steuben County:

### **Step 1: Re-Delineation of Neighborhoods**

The vast majority of neighborhoods in Steuben County were completely re-examined and, where necessary, re-delineated for annual trending in 2006. This would include the creation of new neighborhoods and the combination of neighborhoods as well. This portion of trending included all property classes. Some new neighborhoods were established for new construction and/or to establish more accurate assessments.

### **Step 2: Calculation of New Land Values**

New land values were calculated for 2007 and review for 2008. All land values were reviewed, but only in limited circumstances did sales warrant new land values. For rural residential property, small adjustments may have been made based on sales, but the market adjustment factor was the primary means of updating rural residential property values. Land values were thoroughly reviewed around all of the lake properties and recalculated where necessary. In addition, size adjustments were considered and applied as necessary, as warranted by the sales. For commercial and industrial properties, land values generally stayed consistent between January 1, 2007 and December 31, 2008. Some market areas or some use types warranted influence factors; these factors were reviewed and adjusted accordingly.

Due to the limited amount of sales data, the time window was expanded to include 2006 sales, and in some cases 2005 sales, to acquire adequate sample sizes for commercial and industrial land values. There were no vacant industrial sales in 2007 or 2008. This time window was expanded to include 2005, 2004, and 2003 sales in order to obtain an adequate sample size.

### **Step 3: Calculation of New Residential Factors & Residential Studies**

Per 50 IAC 14, a preliminary ratio study was conducted for vacant and improved residential at the township level. This study dictated which property classes required further analysis, stratification, reassessment or calculation of a new neighborhood factor. In some instances, especially in rural areas of Steuben County, the preliminary ratio study indicated that assessments were both accurate and uniform. In other neighborhoods, further review was required. This resulted in the calculation of new neighborhood factors and stratification.

With regard to rental homes, the county has been assembling a detailed income and expense data base that has allowed for the calculation of market rents, expenses, capitalization rates, and gross rent multipliers. This database is the primary method of valuing all rental homes, and in some cases larger apartment complexes.

### **Step 4: Updated Commercial & Industrial Improvement Values**

New commercial and industrial cost table updates were the starting point for updating commercial and industrial improvement values for 2008. At that time, the county also changed the year of depreciation from 2006 to 2007. The Nexus Group Construction Cost Index (NCCI<sup>sm</sup>) was used to update these cost tables. In addition to the small percentage changes across all use and wall types, some uses were re-examined as a whole (ex. gas stations, fast food, golf courses, mobile home parks, nursing homes, laundromats, etc.) often resulting in sizeable percentage changes. These

detailed construction cost models have been constructed by Nexus Group and applied uniformly by property class based on specific usage, wall type and other characteristics.

Since the cost tables and depreciation date were updated in 2008, the cost tables and depreciation updates were considered for 2009. However, the market data collected did not warrant these updates for 2009.

In addition to reviewing the cost tables, sales, income, and appraisal data was used to update commercial and industrial improvement values. In cases where these methods produced widely divergent values, the most appropriate valuation method was used for the specific property class. When comparable non-sold properties were identified and values from sales and/or income justified changes, the non-sold property was likewise adjusted. Income data collected from the field and through the appeals process was also used by property class or for specific, unique properties. In some specified cases where little or no comparable property existed within the township or county, this comparison process extended beyond the county borders so as to identify the most appropriate comparisons and valuations.

Due to the limited amount of sales data, the time window was expanded to acquire adequate sample sizes for commercial and industrial assessments.